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Approved For Release 2005/08/08 : CIA-RDP92-00420R000100010009-3

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MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: Maurice Lipton
Comptroller

SUBJECT: Recommendation for Increase in Overseas Pay

*Program for message
the field announced increase
effective 1 July 1981
Explain in some detail
fiscal position of the
Agency which made it
mandatory to await
acceptance of the supplemental
to be able to implement the
increase*

1. I recommend that we delay implementing the overseas pay increase until 1 July 1981 and that we so inform our overseas installations by [redacted] this week. (S)

2. Implementation on 1 April would cost us about \$3.5 million against \$1.75 million for 1 July implementation. I believe that, out of proportion to the funds involved, the \$1.75 million could have a negative effect on our ability to cope with our entire FY 1981 unfunded burden. (S)

3. Our unfunded burden is heavy, indeed. We and the deputy directors have identified a "must-fund" list for the remainder of the year totaling [redacted]

[redacted] analysis, continuity of government, travel). About \$25 million of the total is included in our 1981 supplemental request. We have also identified a potential offset of some \$7 million. If the supplemental comes through largely intact, I think we will be able to meet all these bills. The problem is deciding how many activities we want to continue—we have to decide now—given that the supplemental may be reduced or altered by Congress. At tomorrow's monthly Comptroller meeting, I and the deputy directors will decide how much of a risk we should run. I am reasonably confident that the supplemental will materialize and hence that we can continue ongoing programs. At the same time, however, I would like to postpone or not make any obligations that are not absolutely essential and am fearful of taking any action that would tend to undermine the need for the supplemental. Hence, my recommendation to defer the overseas pay increase. (S)

4. If we decide on April implementation, we are obligated to notify our committees before they have acted on the supplemental request. Telling the committees that we can reprogram \$3.5 million for overseas pay, however worthy that effort may be, inevitably will raise questions regarding how badly we need supplemental funds. I do not think that the additional three

months of extra pay is worth the potentially damaging effects on our overall 1981 funding requirements. (S)



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Maurice Lipton